

**National Association of State Departments of Agriculture (NASDA)
September 17, 2005**

**Thomas C. Dorr
Agriculture Under Secretary for Rural Development
Remarks**

Thank you. It's a pleasure to be here, especially with another old farmer like Bill Hawks, to discuss a subject near and dear to all of us – namely, the future of agricultural and rural policy in the decade ahead.

Before we get started, however, I'd like to ask you to keep the victims of Hurricane Katrina in your thoughts and prayers.

In Hurricane Katrina, we have seen death, destruction, and social disruption on an exceptional scale. I'm an old Iowa farmer and a lifelong resident of tornado alley, but tornados -- bad as they are -- are at least relatively localized. The sheer scale of damage a hurricane can inflict almost has to be seen to be believed.

It's not an illusion that hurricane impacts seem to get worse over time. Population is growing. People continue to be attracted to coastal areas.

And as the density of development in vulnerable locations continues to increase, big storms hit with ever greater impact.

Katrina was very big. And so is the response effort, which is the largest ever mounted in American history.

I'm proud to say that USDA is playing a major role, and it is a role that will grow over time as reconstruction gets underway.

Prior to Katrina coming ashore, USDA had already pre-positioned food in warehouses in Louisiana and Texas. We've already purchased or diverted from existing sources over twelve million pounds of food and made available food assistance worth over fifty million dollars.

One of our sister agencies in USDA, the Forest Service, has deployed nearly 3,000 employees who are trained in rescue and response to large-scale incidents. Many more USDA people are serving in other capacities.

At USDA Rural Development – just one mission area within USDA – we've arranged for 30,000 housing units for those displaced by the

storm. As of Thursday the 15th, 961 families and 3,212 individuals have already been placed, and those numbers grow by the hour.

In addition, we have over 800 State, regional, and local offices, so we have a delivery system already in place with a dedicated group of employees who are, right now, staffing disaster relief centers across the region.

Our utilities programs are helping bring electrical, sewer and water services back on line.

And since we provide rural telecommunications and broadband services ... affordable housing and community facilities ... rural hospitals, day care centers, emergency services, and business development lending ... we'll be on the ground doing the work of reconstruction long after the news media has moved on to the next big story.

I was in Florida a year ago, representing Secretary Veneman, after the infamous triple hit from Hurricanes Charley, Frances, and Jeanne, when it seemed like that part of the coast had a bullseye painted on it.

I was back in Florida again yesterday at a check presentation for the DeSoto County Hospital, to help repair storm damage and, at the same time, finance some much-needed expansion and modernization.

And I know we will be back many times to Mississippi, Louisiana, Florida, and every State responding to natural disasters because -- as all of us understand -- this is a job that never ends.

On a brighter note, one job that will end -- though not for another couple of years -- is crafting the next Farm Bill.

The Farm Bill, by itself, is just another marker along the road. But over and above it is the broader, continuing question of reorienting farm and rural policy in response to a technologically dynamic, highly competitive, increasingly networked, and rapidly globalizing economy.

As you know, Secretary Johanns is conducting an extensive national series of Listening Forums on the next Farm Bill. I urge all of you -- if you've not done so already -- to participate.

I am confident that NASDA, as an organization, will also be weighing in. Our conversation today is a part of this process. There is certainly a lot to discuss.

Since I'm here representing USDA Rural Development, I'll not talk much about production agriculture, even though that's where I've made my living for the last 30 years. I'll let Bill Hawks do that.

I'll start instead with the fact that in America today, in rural counties, 96% of the income is from non-farm sources. I think all of us understand the implications.

Just since I was a kid, there has been a huge consolidation from over 6 million farms to 2 ¼ million farms today -- and of those 2 ¼ million, about 250,000 produce the bulk of our food and fiber.

We've seen extraordinary productivity increases ... the globalization of commodity agriculture ... relentless cost pressures on producers ... the emergence of new products and markets ... and truly incredible

scientific and technological changes. Literally in one lifetime we've gone from plowing behind a mule to gene splicing.

These developments impact the opportunities and quality of life in rural communities all across this nation. The effects aren't always pleasant, but there's no going back.

Sometimes, however, it takes awhile for perceptions and politics to catch up to realities. Sometimes ideas only change in generational terms.

That's a lag we can't afford. The world is moving too fast.

The fact is, America doesn't do subsistence farming anymore. Little House on the Prairie is just a TV show -- granted, a pretty nice one -- and American Gothic belongs on a museum wall.

Public policy needs to be looking ahead, not backwards. That's what's at stake in this next Farm Bill. And rural economic and community development is going to be at the heart of the discussion.

Most of the 60 million rural Americans today don't farm. And of those who do, most farm families depend heavily on non-farm income.

Rural families today -- farm and non-farm alike -- need, expect, and deserve modern infrastructure ... electric, telecommunications, and broadband service ... water and wastewater systems ... affordable housing ... good schools ... and access to quality health care.

Rural families today, like their urban cousins, are a click of the mouse away from the global commons.

The vitality of rural communities ... the availability of good jobs ... the ability to offer opportunities to young people ... an environment that rewards entrepreneurialism and encourages business formation ... all of these things are part of the mix. And all of them are part of USDA Rural Development's mission. That means we're pretty busy.

As we look ahead, the first thing to recognize is that change is coming, whether we're ready or not. We'd better be ready.

The second thing to recognize is that change creates opportunities. And there are some tremendous opportunities for rural America.

And the third thing to recognize is that we can't do this alone.

Government, whether federal, state, or local, can't do this alone.

Rural economic development depends on empowering entrepreneurs, attracting private sector investment, and creating sustainable businesses. Our success as a governmental entity depends directly on our ability to encourage and support private initiative. We have been engaged for several years -- really, ever since President Bush took office -- in reorienting on this mission.

That doesn't mean we have abandoned our traditional programs in affordable housing and infrastructure -- we haven't, not at all.

But we are changing the way we think about our job ... thinking of ourselves as an investment bank ... and setting new priorities.

USDA Rural Development is a venture capital entity investing about \$12-13 billion a year in rural communities. That's up about 40% from the \$8-9 billion level of the late 1990's. Since President Bush has taken office, it adds up to over \$54 billion invested and over 1 million jobs created. Those totals grow every day.

We invest in infrastructure, housing, community facilities, and business development. We can discuss any of these at length if you would like.

But I'd like to dwell on just three areas, because they seem to me to be central to the future of rural economic and community development.

These are broadband, alternative energy, and entrepreneurship.

The first emergent priority is broadband. I've already made reference to this, but it merits repeating. Broadband is a transformative technology. It is re-engineering not only how, but where we live and work.

Broadband gives every small, rural business a window to the world and the ability to compete with anyone, anywhere, anytime. And for individuals, it provides unprecedented freedom of choice.

Social architecture and organizational structure change more slowly than technology, so we have just begun to scratch the surface here. But change is coming.

For example, at USDA right now, we have carpools leaving Winchester, VA and Martinsburg, WV at 4:30 and 5:00 in the morning.

Instead of commuting three hours each way with \$3 a gallon gas down a chronically gridlocked Interstate, a lot of these folks could be at work with the click of a mouse if the organizational structure permitted it.

Slowly but surely, we're moving that way -- not just USDA, but knowledge based jobs across the country. It won't happen overnight, but a few million here and a few million there, and in 20 years the spatial organization of this country will look very different.

What we need to recognize is that this change has tremendous potential for rural communities. It leverages their quality of life, lower housing

costs, and short or non-existent commutes. That translates into very significant competitive advantages in a knowledge based economy.

Bottom line, in the 19th century, railroads were centralizing influences.

The railroads built the huge central cities. In the 20th century, the automobile produced the suburbs. And gridlock.

In the 21st century, what broadband will ultimately produce in the way of social architecture remains to be seen, but its decentralizing tendency is unmistakable.

That's why rural broadband is, and will continue to be, a strategic priority for USDA Rural Development. Since 2001 we've invested over \$3.4 billion and connected over 1.3 million rural residents and businesses.

The goal is universal access. We're not going to stop until we're done.

Then we'll see what the future holds.

Another emergent priority is alternative fuels. Ethanol and biodiesel are taking off. The 7.5 billion gallon Renewable Fuels Standard in the energy bill will keep that growth on track. So will \$3 a gallon gasoline.

I know that this audience doesn't need an ethanol lecture from me.

Most of you are already on the bandwagon.

I do want to add, however, that the benefits to producers from a new value-added product and higher grain prices are just the beginning.

The spinoff effects are equally dramatic: a decentralized production network based on localized sourcing ... good jobs in small towns ... opportunities for producer and cooperative investment and ownership.

Also in the pipeline are wind, solar, biomass, and geothermal technologies. Energy is America's newest crop. We are making significant, market-driven investments in all these areas. And we will continue to do so.

Broadband is a new and transformative technology. Alternative energy represents the maturation of some old technologies coupled with a new

market opportunity driven by rising oil costs. But there is a common denominator. That is entrepreneurship.

Making these – and many other emerging opportunities – work for rural America is not just a matter of sitting back and letting it happen. We have to make it happen.

The opportunities are there ... in value-added agriculture ... in bioag, biofuels, and bioproducts ... in wind, solar, and other renewable energy sources ... in competitive niches for rural manufacturers and service businesses. But it's not automatic.

Entrepreneuership is not something that governments tend to do very well. But what government can do well is encourage and empower entrepreneurs. And that's where the future lies.

This is the paradigm shift. A generation ago, we would have been discussing a Farm Bill and talking almost exclusively about production agriculture, price supports, and trade. Today, we talk about building businesses.

Just as one example, earlier this year the National Corn Growers issued a report, *Taking Ownership of Grain Belt Agriculture*, that illustrates this perfectly.

Just in case you were wondering, there's hardly a word in it about subsidies except to say they don't work very well, not in the long run.

The report focuses on entrepreneurship, market orientation, embracing change, new generation cooperatives, accessing investment capital, the technology treadmill, and building business models that allow producers to stay in this more dynamic game. I'm sure you all have a copy. If you've not read it, read it. That's where we're headed, according to the Corn Growers. I agree.

And at USDA Rural Development, that's where we're going to lead.

So in closing, let me again invite your active participation in the discussion about the upcoming Farm Bill. We have two years to develop this thing, so let's get it right.

President Bush is committed to a dynamic, entrepreneurial, ownership society. Our responsibility is to ensure that the 60 million people who make rural America their home share fully in this bright future.

It is a privilege for me to have been given this opportunity by President Bush to help make that happen. And I look forward to working with you in that great cause. Thank you.